

## Message Text

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FM SECSTATE WASHDC

TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMEMBASSY MOSCOW

AMEMBASSY LONDON

AMEMBASSY PARIS

INFO CINCPAC HONO

COGARD

GOVGUAM

TREASURY

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E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT:APRIL 11 EA PRESS SUMMARY

### 1. INDOCHINA/THAILAND

TANKS/TROOPS APPEAR IN VIENTIANE STREETS, PEOPLE DIG FOX-HOLES AS APPARENT PART SECURITY PRECAUTIONS FOLLOWING RECENT INCREASED FIGHTING BETW PL TROOPS/REBEL FORCES (REUTER, SUN). PEAGAM (NYT) REPORTS LAOTIAN GOVT DECLARED ALERT STATE AS TENSION MOUNTS W/THAILAND. SAYS GOVT LEADERS THINK SITUATION NOT YET SERIOUS/IF NO INCIDENTS TAKE PLACE IN NEXT FEW DAYS, EMERGENCY MEASURES MAY BE LIFTED. NOTES NO OFFICIAL STATEMENT ISSUED, BUT OBSERVERS BELIEVE NEW PRECAUTIONS COULD BE START LONG-TERM CAMPAIGN PREPARE UNCLASSIFIED

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VIENTIANE RESIDENTS FOR POSSIBLE HOSTILITIES W/THAILAND. ADDS MEASURES FOLLOW STREAM SENSATIONAL THAI PRESS/BROADCAST REPORTS ABOUT POL/MIL SITUATION IN LAOS, INCL REBEL ACTIVITY.

PEAGAM (4/10) REPORTS LAOS PM KAYSONE PHOMVIHANE MADE 1ST PUBLIC APPEARANCE 4/9 SINCE TAKING OFFICE; VISITED CANAL CONSTRUCTION SITE WHERE DID SOME DIGGING. ADDS PRIOR SECRECY GENERATED SOME SUSPICION/UNPOPULARITY; APPEARANCE MAY BE PART CAMPAIGN IMPROVE UNFAVORABLE IMAGE

AS WELL DISPEL RUMORS KAYSONE DEPOSED/FLED. STATES THAI CHARGE HANDED FORMAL PROTEST NOTE RE OCCUPATION MEKONG ISLAND BY REBEL FORCES.

IN FEB REPT TO PL'S RULING CMTE, KAYSONE SAID LAOS WANTS IMPROVE RELS -- BUT ONLY IF US PAVES WAY W/AID/ STOPS ALLEGED SUPPORT THRU THAILAND OF LAOTIAN REBELS (WSTAR 4/9).

#### 1. INDOCHINESE REFUGEES

RECENT REFUGEES RESCUED FROM S CHINA SEA INCL MEMBERS NEW NATL ASSY/MEMBER FORMER SVN LEGISLATURE (WP 4/9).

#### 3. INDOCHINA/JAPAN

VN REACHES BASIC AGREEMENT W/JAPAN'S ANA ON AIRLINE'S PROPOSAL OPERATE JAPAN-VN CHARTER FLIGHTS (WP).

#### 4. JAPAN

JAPAN/USSR AGREE RESUME STALLED TALKS AIMED AT REGULATING JAPANESE FISHING WITHIN SOVIET 200-MI ARCTIC/PAC FISHING ZONE (WP 4/9).

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NYT (4/9) REPORTED US/JAPAN TALKS ON COLOR TV IMPORTS TEMPORARILY ADJOURNED 4/8 AMID INDICATIONS NEGOTIATORS ENCOUNTERED "SUDDEN SERIOUS DIFFICULTIES." PRESS REPORTS 4/11 QUOTE SPECIAL TRADE REP STRAUSS THAT TOKYO TALKS SUCCESS/COUNTRIES WILL WORK OUT AGREEMENT W/"VERY EFECTIVE RESTRAINTS" ON JAPANESE COLOR TV IMPORTS. PREDICTED "FIRM AGREEMENT" WILL BE WORKED OUT "PROBABLY NEXT WEEK" IN WASHINGTON. REFUSED SAY WHAT IMPORT LIMIT WOULD BE BECAUSE NEGOTS STILL CONTINUING. JAPANESE PRESS REPORTS SAY AGREEMENT WILL BE VOLUNTARY RESTRAINTS BY JAPAN W/O INCREASED US TARIFFS (AP; CULLISON, JOC; SUN 4/9). AP (SUN) ADDS SOME US MFRS ARGUE SUCH AGREEMENT WILL NOT SOLVE ALLEGED DUMPING PROBLEM/FAVOR HIGHER IMPORT TAXES.

YEN VALUE CLOSED 4/8 FULL 9 PCT ABOVE ITS DOLLAR PRICE YR AGO. JAPANESE EXPORTERS SAY IF YEN GETS ANY MORE EXPENSIVE, THEIR PRODUCTS WILL BE TOO EXPENSIVE COMPETE ON FON MARKETS. TOKYO FOREX ANALYSTS BELEIVE GOJ WILL NOT ALLOW DOLLAR DETERIORATE ANY FURTHER IN ORDER AVOID SUCH SITUATION (SUN'S SEIDEN /49).

CULLISON REPORTS GOJ'S ECON PLNG AGNCY HAS LAUNCHED SPECIAL STUDY RE EFFECTS YEN VALUE INCREASE CAN BE

EXPECTED EXERT UPON JAPAN'S ECONOMY/EXPORTS. AGENCY SPOKESMAN STATED LAST WK FUKUDA PROMISED LDP WOULD NOT ALLOW JAPANESE CORPS POCKET WINDFALL PROFITS FROM INCREASE YEN'S VALUE.

CARTER ADMIN CONSIDERING REVERSING FORD ADMIN POLICY/ALLOWING ALASKAN OIL BE SHIPPED JAPAN. FEA OFFICIAL SAID 4/8 PROPOSAL APPEARS MOST PRACTICAL/INEXPENSIVE WAY GET ALASKAN OIL TO MARKET (HORNIG, WSTAR 4/9). SMITH (WP 4/9) REPORTS ENERGY ADVISOR SCHLESINGER PERSONALLY FAVORS PLAN WHEREBY ALASKAN OIL WOULD BE EXCHANGED FOR OIL PURCHASED BY JAPAN IN MIDEAST. HOUSE INTERIOR UNCLASSIFIED

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CMTE CHRMN UDALL/COMMERCE SUBCMTEMAN DINGELL BOTH OPPOSE PLAN, INDICATING PRES MAY FACE STIFF CONGRESSIONAL OPPOSITION SHOULD HE RECOMMEND PROPOSAL.

NEWSWEEK MAG REPORTED 4/10 US/UK/FRG/JAPAN/CANADA/USSR HAVE ENTERED SECRET AGREEMENT NOT EXPORT ANY MORE NUKE-REPROCESSING EQUIPMENT. ADDED AGREEMENT ON SAFEGUARD SYSTEMS FOR NATIONS W/NUKE PLANTS WILL BE HAMMERED OUT LATER THIS MONTH IN LONDON (NYDN).

RICHARD (WP 4/9) OFFERS HIGH PRAISE FOR TOKUGAWA EXHIBIT NO MASKS/ROBES; TERMS DISPLAY "DAZZLING."

ULSTER UNIV PSYCHOLOGIST LYNN FINDS EVIDENCE SUGGESTING JAPANESE AS NATION MORE INTELLIGENT THAN AMERICANS. CITES FACT JAPANESE HAVE HIGHEST MEAN IQ EVER RECORDED FOR NATL POPULATION; SUGGESTS GENETIC FACTORS MOST LIKELY EXPLANATION FOR DIFFERENCES (REUTER'S TIMBERLAKE, WP).

#### 5. KOREA

ARKANSAS PAPER SAYS SK PLAN SPEND 100 MIL DOLS TO BUY ARK/MISS FARMLAND FELL THRU IN WAKE PUBLICITY/OFFICIAL INVESTIGATION INTO INFLUENCE-PEDDLING, SINCE PLAN INVOLVED TONGSUN PARK (WP).

SF COURT WILL RESUME UNIFICATION CHURCH COERCIVE PERSUASION CASE. PARENTS 5 MEMBERS FACE POSSIBLE CONTEMPT CHARGES FOR VIOLATING ANTI-DEPROGRAMMING COURT ORDER (LEDBETTER, NYT).

#### 6. MALAYSIA

US PM'S EMISSARY LORD THOMSON VISITS FOR DAY, MEETS PM ONN/ OTHER GOVT LEADERS (AFP, WP 4/10).

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7. SINGAPORE

ANDELMAN (NYT 4/9) REPORTS PM LEE ORDERS NEW CAMPAIGN TO REPRESS DISSENT THAT CRIPPLES THIN POL OPPOSITION/FLEDGLING HUMAN RIGHTS MOVEMENT. SAYS SERIES ARRESTS IN PAST 3 MONTHS RESULTED IN DETENTION/INTIMIDATION POL CANDIDATES/LAWYERS/JOURNALISTS WHO HAVE BEEN OUTSPOKEN IN OPPOSITION/CRITICISM GOVT POLICIES.

8. INDONESIA

NYT SPEC(4/9)REVIEWS CONTINUED REPERCUSSIONS PERTAMINA CASE THAT THREATEN LARGE SEGMENTS INDONESIA'S PRIVATE BANKING/BUSINESS COMMUNITY, W/POSSIBLE SERIOUS SIDE-EFFECTS ON US/OTHER FOREIGN BANKS/FINANCIAL INSTITUTIONS.

9. PHILIPPINES

SFRC STAFF REPORT, RELEASED SUNDAY, SUGGESTS US MAY BE ABLE ABANDON CLARK AIR BASE IF PHILS DEMANDS TOO HIGH PRICE FOR NEW BASE AGREEMENT. ON OTHER HAND, REPORT SAYS IMPORTANT US RETAIN SUBIC/CUBI, UNLESS MAJOR CHANGES ARE CONTEMPLATED IN 7TH FLEET DEPLOYMENT. STUDY ALSO SUGGESTS US REASSESS SEA FOPOLICY OBJECTIVES/MIL REQUIREMENTS IN RELATION TO COST OF RETAINING PHILS BASES (AP, SUN).

GWERTZMAN (NYT 4/10) REPORTS ADMIN SOURCES, WHEN INFORMED OF STUDY, SAID MANY OFFICIALS ALSO QUESTION NEED FOR RETAINING CLARK; ONE DOS OFFICIAL SAID INTERAGENCY STUDY ON PHILS IS NEARLY COMPLETE, AND MEETING TO DISCUSS RESULTS WILL PROBABLY TAKE PLACE SOON.

WP'S LESCAZE (4/10) SAYS FILIPINO EXILES OPPOSED TO MARCOS' MARTIAL LAW GOVT ARE STEPPING UP EFFORTS TO PERSUADE US HALT MIL ASSISTANCE TO MANILA. NOTES "MOVEMENT FOR FREE PHILIPPINES" HAS 3 NEW MEMBERS, 2 OF WHOM (GERALD JUMAT/ UNCLASSIFIED

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BENJAMIN MAYNIGO) ESCAPED PHILS LAST OCT, ARRIVED US 3/4 AS POL REFUGEES.

10. CHINA

GWERTZMAN (NYT) WRITES OF NIXON "PLEDGE," DURING '72 TALKS WITH CHOU, TO NORMALIZE US-PRC RELS. ACCORDING CARTER ADMIN OFFICIALS, FORMER PRES SAID STRONGLY DESIRED NORMALIZE RELS/INTENDED DO SO IF ELECTED TO 2ND TERM THAT NOV--BUT WATERGATE PRESUMABLY PRECLUDED FULFILLMENT UNKNOWN NIXON PLEDGE. SAYS CARTER ADMIN OFFICIALS LEARNED OF PLEDGE WHILE GOING OVER TOP-SECRET NIXON DOCUMENTS IN

COURSE FORMULATING OWN CHINA POLICY. OFFICIALS NEW STATE-

MENT/RECORDED NIXON-CHOU MEMCON AS NON-BINDING STATEMENT OF INTENT. PROMISE SEEMS ONE REASON PRC UNHAPPINESS RE WHAT THEY REGARD AS US FAILURE LIVE UP TERMS OF SHANGHAI COMMUNIQUE. HOWEVER, CHINESE OFFICIALS HAVEN'T RAISED PLEDGE W/OTHER US OFFICIALS.

GWERTZMAN CITES OFFICIALS AS SAYING THEY PROBABLY ASSUME WE'RE AWARE OF STATEMENT; THEY'RE TOO PROUD TO MENTION IT. MENTIONS CARTER ADMIN REAFFIRMATION DETERMINATION LIVE UP TO COMMUNIQUE. STILL SAYS ADMIN HASN'T DECIDED DETAILS OF CHINA POLICY. SECSTATE AND NSC'S BRZEZINSKI ADVISED PRES DEAL WITH PRC LATER, TREAT MIDEAST/PANAMA/CYPRUS/ ARMS TALKS AS PRIORITY. SAYS DISPATCH OF CHIP CARTER SEEMS BEST ALTERNATIVE WAY SIGNALLING PRC CONTINUED US INTEREST. VANCE PLANS VISIT AROUND NOV--BY THEN OFFICIALS WILL HAVE DECIDED HOW RESOLVE NORMALIZATION PROBLEM WITHOUT DESTROY- ING TAIWAN (ALSO EXCERPTED IN SUN).

US CODEL IN PEKING MET WITH HAO TEH-CHING, PRC DIP WHO HEADS INSTITUTE OF FON AFFAIRS. CHIP CARTER NOT REPORTED AMONG THOSE ATTENDING HAO MEETING. HAO LATER HOSTED BAN- QUET FOR GROUP (AP TOKYO, NYT; SIMILAR REPORT WP). UNCLASSIFIED

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REUTER (PEKING 4/9) NOTES CHIP CARTER ARRIVED WITH GOOD- WILL MESSAGE FROM PRES; CITES OTHER AMERICAN SOURCES AS SAYING SON HAS NO SPECIAL BRIEF FROM CARTER, OTHER THAN GOOD-WILL MESSAGES TO CHINESE PEOPLE/LEADERS (NYT 4/10).

SAME REUTER DISPATCH CITES VP LI HSIEN-NIEN BANQUET FOR BRITISH OPPOSITION LEADER MARGARET THATCHER. NOTES LI BLASTED SOV EXPANSION. THATCHER ALSO HAD TWO-HOUR CON- VERSATION WITH HUA (NYT 4/10). NYT (4/9) CARRIES PHOTO THATCHER-TENG YING-CHAO MTG W/INTERPRETER TANG WEN-SHEN IN BACKGROUND.

SETTLING ARGUMENT ABOUT WHICH WAY MULTI-MIL-DOL CKS MONU- MENT IN DOWNTOWN TAIPEI WILL FACE, CHINESE OFFICIALS-- MINDFUL CHIANG/ROC DESIRE RETURN MAINLAND--DECIDED IT WILL FACE WEST (BARRY KRAMER, WSJ).

ACCORDING TO PORTUGUESE GOVT NEWS AGENCY, MACAO HAS DE- CIDED LINK ITS CURRENCY TO HK DOLLAR INSTEAD OF PORTU- GUESE ESCUDO (AP LISBON, WSJ).

COMMENT AND ANALYSIS

11. PHILIPPINES

CITING NEW QUESTIONING OF CLARK AIR BASE VALUE BY SFRC

REPORT, WP'S LESCAZE (4/10) OBSERVES WHILE IT DID NOT GO INTO DETAIL ABOUT ITS NOTE THAT OFFICIAL CORRUPTION CONTINUES WITH MARCOS/IMELDA FAMILIES BENEFICIARIES, VISITOR TO COUNTRY SOON HEARS TALES OF KICKBACKS/OTHER SQUEEZES DEMANDED BY MARCOS AND FAMILY, WHOSE WEALTH IS REPORTEDLY STUPENDOUS.

WP'S WEIDMAN (BATAAN 4/10) CITES SATURDAY GATHERING THERE  
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BY 1942 "DEATH MARCH" SURVIVORS. SAYS WAS CLEAR THAT AMONG VETS/WIVES OF BOTH SIDES THERE ARE PAINFUL MEMORIES NOT YET STILLED.

12. KOREA

NYT'S MALCOLM (SEOUL 4/10) OBSERVES THAT RECENT SK SUPREME COURT DECISION UPHOLDING CONVICTION OF 18 MYONGDONG DEFENDANTS, DESIGNED DISCOURAGE OPPOSITION ACTIVITIES, APPEARS INSTEAD TO HAVE STRENGTHENED PROTESTORS' DETERMINATION/IGNITED RASH OF NEW DEMONSTRATIONS AGAINST REPRESSION. SEES PARK CRITICS ENCOURAGED/EMBOLDENED BY INCREASED INTL ATTENTION/CARTER'S OUTSPOKEN HUMAN RIGHTS SUPPORT/SPECTACLE OF INDIAN VOTERS OUSTING THEIR AUTHORITARIAN GOVT. NOTES THAT, IRONICALLY, DUE TO COMBINATION CURRENT EVENTS, PARK'S OPPONENTS NOW SEEM FREER TO DENOUNCE GOVT THAN BEFORE CONVICTIONS; BUT NO ONE IN SEOUL BELIEVES PARK HAS FORSAKEN POLICE POWER USE--HE HAS, RATHER, BECOME SHREWDER IN ITS USE, ESTABLISHING, FOR EXAMPLE, TEMPORARY HOUSE ARRESTS THAT ISOLATE INDIVIDUALS.

WIEGHART (NYDN) PROTESTS JUSTICE DEPT PROSECUTION OF OBSCURE RETIRED FBI MAN FOR TAPPING PHONES/OPENING MAIL. SUGGESTS IF ATTN-GEN BELL ITCHING TO HALE SOME OFFICIAL MALEFACTORS TO COURT TO SERVE AS EXAMPLE FOR "NEW MORALITY, HE SHOULD GET CRACKING" ON PROBE INTO BRIBES ALLEGEDLY PAID CONGRESSMEN BY KCIA.

NYT'S MARRO (4/10) STATES WHILE JUSTICE DEPT INVESTIGATION ALLEGED SK INFLUENCE-BUYING ON CAPITOL HILL HAS RUN INTO DIFFICULTY--PROGRESS IMPEDED BY MISSING RECORDS/WITNESSES--SIGHS OF CONGRESSIONAL RELIEF FOLLOWING TONGSUN PARK'S DEPARTURE MAY HAVE BEEN PREMATURE. SAYS EVIDENCE TO DATE SUGGESTS GOOD DEAL TO BE FOUND, AND SO MUCH MONEY/MANPOWER BEING INVESTED IN INQUIRIES THAT MIGHT BE DIFFICULT FOR CONGRESSIONAL LEADERS SIDE-  
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TRACK THEM, EVEN IF SO INCLINED.

14. JAPAN

SUN'S SEIDEN REVIEWS JAPANESE TV. FINDS PBS STATION  
"EXCELLENT," WHILE COMMERCIAL CHANNELS OFFER PROGRAMS

15. INDOCHINA/THAILAND

EVANS/NOVAK (WP 4/9; GLOBE) REPORT FIDEL CASTRO PURSUES  
WORLDWIDE BID FOR NON-ALIGNED SUPREMACY BY SENDING MOSTLY  
MED/SOME MIL ADVISORS INTO LAOS TO HELP PL CONSOLIDATE  
POWER VS REBELS. SAY PRESENCE CUBAN ADVISERS IN LAOS  
SUSPECTED FOR SEVERAL MOS BY DIPL/INTELL OFFICIALS, BUT  
NOW ESTABLISHED AS FACT. ADD PRESENCE CUBAN ADVISORS  
WORRIES THAILAND. BELIEVE CASTRO'S GOAL IS MAKE 1979  
HAVANA NONALIGNED CONF "COMING-OUT PARTY" AS UNDISPUTED  
LEADER 3RD-WORLD REVOLUTIONARIES.

16. INDONESIA

HOWARD (JOC), IN 1ST INSTALLMENT 5-ARTICLE SERIES RE  
PERTAMINA CASE, DESCRIBES ROLE PLAYED BY GEN SUWOTO/BRUCE  
RAPPAPORT, "KEY MEN" AT HEART TROUBLES. ALSO MENTIONS  
OTHER INVOLVED FIGURES BEHIND THESE PRINCIPALS.

17. CHINA

FOX BUTTERFIELD (NYT HK) WRITES THAT HUA KUO-FENG HAS  
CHANGED HAIR STYLE TO ONE THAT BEARS UNCANNY RESEMBLENCE  
TO MAO. ANALYSTS OPINE SEEMS PART DELIBERATE EFFORT HUA  
INCREASE PUBLIC IDENTIFICATION WITH MAO/STRENGTHEN  
LEGITIMACY CLAIM AS CHOSEN SUCCESSOR. CHANGE IN HAIR  
STYLE LATEST IN SERIES OF PUZZLING CHANGES THAT SUGGEST  
PRC POL/ECON TROUBLES GREATER THAN PREVIOUSLY BELIEVED.  
ALTHOUGH NOT YET SERIOUS CRISIS, ANALYSTS EXPECTED  
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GREATER PRC PROGRESS TOWARD LEADERSHIP PLEDGE MAKE '77  
YEAR GREAT STABILITY/RAPID ECON RECOVERY.

SAYS ANALYSTS RECOGNIZE LACK OF KNOWLEDGE RE MYSTERY  
OVER FATE OF TENG/UNSETTLED DEBATE RE HOW VIEW MAO  
LEGACY/BELATED DISCOVERY '76 ECON-PERFORMANCE WORSE  
THAN SUSPECTED. ECON PROBLEMS COMPOUNDED BY DROUGHT/  
FALSIFICATION OF STATISTICS. SERIOUSNESS OF DROUGHT  
MATTER OF CONTROVERSY, BUT SOME AREAS HAVE GRAIN  
RATIONED/BELOW NORMAL RAINFALL/FIELDS HAND-WATERED.  
ANALYSTS BELIEVE PEKING HAS MOST PROBLEMS UNDER CONTROL-  
LEADERSHIP MOVED RESTORE REGULAR PARTY PROCEDURES, BUT  
STILL SIGNS UNCERTAINTY/CONFUSION (E.G WHY BAN CHING MING  
COMMEMORATIONS/CURIOUS PUBLICATION MAO AN-CHING POEM/  
REAPPEARANCE MAO FAMILY MEMBER AFTER 4 YRS OFFICIAL

SILENCE). SAYS HOW DEAL WITH MAO LEGACY MAY BE ASSOCIATED WITH TENG RETURN; HUA HAS MOST TO LOSE BY TENG RETURN, BUT HE MAY FEEL NEED POWERFUL ASSOCIATE HELP PULL PRC BACK TOGETHER.

TORONTO GLOBE AND MAIL'S MUNRO IN PEKING WRITES THAT FIGURES FROM RELIABLE SOURCES/BROKEN DOWN ON PROVINCE-BY-PROVINCE LEVEL INDICATE DROUGHT LESS SERIOUS/EXTENSIVE THAN PRC PRESS HAS SUGGESTED. PRESS PUBLICIZED DROUGHT CAMPAIGN IN AREAS WHERE SOIL MOISTURE LEVELS ABOVE AVERAGE. RECENT DAYS PRESS COVERAGE RE DROUGHT LESSENED. MUNRO SAYS POSSIBLE EXPLANATIONS FOR HEAVY COVERAGE COULD BE OVERREACTION TO COMBINATION THIS YR'S COLDER TEMPS AND LOWER PRECIPITATION/NEW POL REGIME LOOKING FOR MUCH NEEDED ECON FRONT VICTORY/RELATED TO GOVT DIFFICULTIES IN '76 OBTAINING GRAIN FROM PEASANTS. ANTI-DROUGHT CAMPAIGN MAY BE PART CAMPAIGN INCREASE DELIVERIES OF NEW/OLD GRAIN TO STATE (WP, 4/9).

GLOBE (4/9) SUGGESTS APPOINTMENT OF LEONARD WOODCOCK  
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TO PEKING POST WOULD BE GOOD CHOICE, BECAUSE CHINESE ATTACH IMPORTANCE TO PROVEN MATURITY AND HE'S GOOD NEGOTIATOR. NOTES HIS SKILL IN AUTO WORKER TALKS/VN MISSION SUCCESS. ADDS THERE IS REASON BELIEVE US/PRC RELS MAY NOW PROGRESS TO NEW LEVEL. WOODCOCK NOT ONLY PERSON FOR JOB BUT BACKGROUND SUGGESTS HE'D DO EXCELLENT JOB.

CSM'S MORTIZ (HK) WRITES THAT PEKING'S WARM WELCOME FOR THATCHER AGAIN SIGNALS TO OUTSIDE WORLD TWO OF PRC'S MAJOR POLICIES; CONTINUING SUSPICION OF SOVS AND EXPANSION TRADE WITH OUTSIDE WORLD. SAYS IN 4/8 TALK WITH LI CHIANG, THATCHER MADE CASE FOR EXPANDING UK TRADE WITH PRC. LI SAID PRC WILLING INCREASE EXPORT OF PRIMARY TECHNOLOGY IN RETURN FOR NEEDED FOREIGN TECHNOLOGY, BUT PRC STILL OPPOSED GOVT-GOVT LOANS.

FROM VIENNA, PAUL HOFMANN WRITES THAT PRC-ALBANIAN RELS HAVE COOLED; PRC DIPS NOW SPEAK OPENLY OF DISAGREEMENTS. ALBANIAN BROADCASTS HAVEN'T MENTIONED OVERTHROW "GANG OF 4." ATTITUDE TOWARD US, ESPECIALLY ALBANIA'S DISAPPROVAL PRC CONTACTS, ONE CAUSE OF STRAINS. OTHERS INCLUDE ATTITUDE TOWARD NATO, EEC (NYT, 4/10).

MAO/CHIANG CHING REAPED CONSIDERABLE PROFITS FROM ROYALTIES; DIDN'T KNOW HOW SPEND IT, SO WOULD BUY VERY RARE BOOKS, ACCORDING ROXANNE WITKE. ON CBS/TV'S "60 MINUTES" SUNDAY, WITKE DISCUSSED SURPRISED CHIANG SUMMONS FOR INTERVIEWS; SAID SHE ADMIRERED BUT STILL FRIGHTENED



SOMEWHAT OF CHIANG; PRC PREPARED PAY HER NOT WRITE BOOK; CHIANG ANXIOUS HER STORY BE TOLD. WITKE DESCRIBED HER AS "MOST FEMININE WOMAN I MET IN CHINA" (REUTER, SUN; WP/"PERSONALITIES"/COLUMN ALSO CARRIES BRIEF NOTE OF WITKE "60 MINUTES" INTERVIEW).

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IN TAIWAN, SEN GOLDWATER SAYS HE DOESN'T BELIEVE US WILL RECOGNIZE PRC. SAYS HAS LOOKED, FOUND NO EVIDENCE ANY COMMITMENT ON FORMAL RECOGNITION. PREDICTED US-ROC RELS WILL "REMAIN AS THEY ARE" (UPI TAIPEI, WP 4/10).

BUTTERFIELD (NYT 4/9 IN TAIPEI) WRITES OF CCK'S TIGHTENED HOLD ON TAIWAN. SAYS KNOWLEDGEABLE PERSONS SAY HIS HOLD REPRESSING OPPOSITION/CENTRALIZING POWER IN HANDS MAKE MAJOR PROBLEM FOR TAIWAN ONE OF WHO'LL SUCCEED HIM. NO OBVIOUS CANDIDATE; CCK DECIDES ALL ISSUES, NO MATTER HOW TRIVIAL, HIMSELF. REVIEWS HOW CHIANG HAS TACKLED PROBLEMS OF IMAGE, DEFLECTING US CRITICISM OF ONE-MAN RULE, HANDLING OF SECRET POLICE AND OPPOSITION. BUTTERFIELD CITES FRIEND OF LI AO WHO SAYS, "NO REWARD FOR SACRIFICE, EVERYONE JUST MAKING MONEY." ECON PROGRESS ONE REASON FOR LACK OF OPPOSITION, BUT RECENT SIGN DISSIDENTS MAY BE TURNING TO MORE VIOLENT METHODS OUT OF FRUSTRATION (4/9).

BUTTERFIELD (4/10 TAIPEI) WRITES THAT TAIWAN STILL EXPECTS US BE SUPPORTIVE. SAYS IN ANTICIPATION CARTER DECISION FAVORING US MIL WITHDRAWAL, TAIWAN TRYING INCREASE SELF-SUFFICIENCY. TDC NOW SKELETAL, BUT DEFENSE TREATY COMPLEX ISSUE STILL TO BE RESOLVED. REVIEWS PRC CONDITIONS FOR NORMALIZATION, SAYS FEW ON TAIWAN BELIEVE COUNTRY WOULD COLLAPSE IF US BREAKS RELS; NOTES ECON HAS GROWN SINCE SHANGHAI COMMUNIQUE.

TO RESOLVE ROC TREATY ISSUE, BUTTERFIELD SAYS ADMIN MIGHT REPLACE PACT WITH FORM CONGRESSIONAL RESOLUTION EXPRESSING US CONCERN FOR PEACEFUL SETTLEMENT TAIWAN QUESTION/OFFER CONTINUE SELL WEAPONS--BUT PEKING COULD PROBABLY CLAIM THIS CONSTITUTES INTERFERENCE IN INTERNAL AFFAIRS. NOTES POSSIBILITY OF JAPANESE FORMULA.

18. TARIFFS  
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NYT (4/9) CALLS PRES' FIDELITY TO PRINCIPLE IN REFUSING SHOE TARIFFS "TOUGHEST DECISION" YET IN FOREIGN TRADE, DUE STRONG SUPPORT SHOE INDUSTRY MUSTERS IN CONGRESS.

RECOGNIZES INDUSTRY PROBLEM, BUT WARNS TURN TO PROTECTIONISM WOULD CONTRADICT OVER 40 YRS' US EFFORT REDUCE TRADE BARRIERS. NOTES PRESSURES FOR TARIFF PROTECTION IN SUGAR/COLOR TVS; ADVOCATES REVITALIZATION PROGRAMS PROVIDE LOANS/GRANTS TO MFRS HARD-HIT BY IMPORTS/RETRAINING FOR WORKERS.

WP (4/9) NOTES AFL-CIO HAS DECIDED HAVE IT OUT W/PRES OVER SEVERAL ISSUES, INCL SHOE IMPORTS. SEES TROUBLE LYING IN DIFFERING VIEWS OF INFLATION. WSTAR (4/9) SEES AFL-CIO SPLIT W/PRES BASED LARGELY ON "BELLWETHER" DECISION NOT IMPOSE IMPORT QUOTAS ON SHOES. REVIEWS SITUATION US SHOE INDUSTRY/AFL-CIO ATTACK ON ADMIN STAND. MENTIONS IMPORTANCE INTL MKT TO US ECONOMY.

HARWOOD (WP) BELIEVES SENATORS' PLEA THAT ADMIN RESTRICT SHOE IMPORTS COULD SIGNAL REVIVAL PROTECTIONISM. GRUBISICH (WP) DESCRIBES PLIGHT EMPLOYEES IN VA SHOE FACTORY AS WORK DWINDLES/PAY SMALL.

COHN (WSTAR 4/10) SAYS ADMIN WORKING ON AMBITIOUS PLAN REJUVENATE SHOE MFRS/OTHER SICK INDUSTRIES SO CAN COMPETE W/FOREIGN PRODUCERS INSTEAD OF HIDING BEHIND TARIFF WALLS. INVOLVES POSSIBLE DOMESTIC VERSION WB TO FINANCE MODERNIZATION FIRMS/INDUSTRIES.

BURLINGTON INDUSTRIES HAS FULL-PG ADS IN NYT/WP DESCRIBING DANGER TO US TEXTILE INDUSTRY POSED BY IMPORTS.

#### 19. NUCLEAR POLICY

SUN (4/10) THINKS PRES DECISION DEFER PLUTONIUM USE UNCLASSIFIED

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AS FUEL IS LOSER UNLESS OTHER NATIONS PERSUADED PLUTONIUM "TOO HOT TO HANDLE." BELIEVES JAPAN'S FEARS US RETALIATION VS PLUTONIUM PROGRAM COULD CAUSE MORE TENSION THAN SHOES/STEEL/COLOR TVS. ADDS PRES NOW MUST MOVE INTO REALM NUKE DIPLOMACY WHERE HIS WRIT LIMITED. SAYS APR 28 LONDON MTG WILL SEARCH FOR CONSENSUS AMONG SUPPLIER NATIONS. NOTES JAPAN MUST RESPOND TO ECON IMPERATIVE OF INSURING SELF ADEQUATE SUPPLY ENERGY DURING HALF-CENTURY.

WSTAR (4/10) APPLAUDS PRES' REFUSAL BE FATALISTIC ON SPREAD PLUTONIUM. SEES RUB THAT NATIONS LESS WELL-ENDOWED W/ALTERNATIVE ENERGY SOURCES LIKELY VIEW CHOICE AS BETW PLUTONIUM TECHNOLOGY/SOMEONE ELSE'S EXPENSIVE OIL. WONDERS HOW FRUITFUL PRES' POLICY WILL BE, BUT WARNS VS SURRENDER TO DESPONDENT FATALISM.

WP FINDS SOME OF PRES' OLD RIGOR/CRITICAL POINTS OF EARLIER

ANTI-NUKE STAND MISSING IN LATEST STATEMENT RE PLUTONIUM. BELIEVES PRES SEEMED RESIGNED TO IDEA NATL REPROCESSING PLANTS, AGREES "NEED" FOR THEM IN CERTAIN PLACES INCL JAPAN. BELIEVES STAND IS STEP BACKWARD ON PROLIFERATION.

WP'S SAAR (4/9 TOKYO) NOTES GOJ CONFUSION OVER CARTER REPLY AT 4/8 NEWS CONF THAT COUNTRIES LIKE JAPAN HAVE "PERFECT RIGHT" CONTINUE W/OWN REPROCESSING EFFORTS. JAPANESE DIPLOMATS WHO SOUGHT CLARIFICATION TOLD CARTER HAD NOT PREJUDGED APPROVAL TOKAI REPROCESSING PLANT/ CURRENT NEGOTS ON POSSIBLE USE US URANIUM IN TOKAI WOULD CONTINUE. FONMIN HATOYAMA TOLD REPORTERS AT PRESS CONF HE SAW "SOME FLEXIBILITY" IN CARTER'S STAND, BUT CAUTIONED AGAINST OPTIMISM.

SAAR REMARKS THAT BY GROUPING JAPAN W/W EUR NATIONS IN REPROCESSING POLICY, PRES HAS ENCOURAGED JAPANESE BELIEVE UNCLASSIFIED

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THEY WILL NOT BE SINGLED OUT IN DISCRIMINATORY FASHION TO GIVE UP REPROCESSING PROGRAM; GOJ EXPECTED FOLLOW UP BY ASKING FOR MULTINATL TALKS ON NUKE WEAPONS PROLIFERATION/INTL AGREEMENT ON DEVELOPMENT NUKE ENERGY.

## 20 PACIFIC ISLANDS

FROM MARSHALL ISLANDS, WILFORD (NYT) REPORTS 75 OF 450 MARSHALLESE "MADE HOMELESS BY AMERICAN FIAT" 30 YRS AGO SO NUKE TESTING COULD TAKE PLACE ON ISLANDS, HAVE RETURNED TO ENEWETAK ATOLL IN EFFORT SEE IF ATOLL CAN BE REHABILITATED. REMARKS JAPAN ISLANDERS FIND HOME MUCH DIFFERENT THAN WHEN THEY LEFT, BUT ALL HAPPY BE BACK. WILFORD INTERVIEWS ENEWETAKESE CHIEF; NOTES ALL INVOLVED W/RETURN REALIZE PEOPLE FACE DIFFICULT PROBLEMS ECON SURVIVAL/CULTURAL DIFFICULTIES WHICH MUST BE WORKED OUT.

## 21. DIEGO GARCIA

ANDELMAN (NYT 4/10) FINDS "NUMEROUS SIGNS" ARMS RACE ON IN INDIAN OCEAN. STATES AROUND OCEAN'S RIM, SOME 2 DOZEN COUNTRIES WATCH STRATEGIC FORCES THAT SEEM GROWING MENACE TO THEIR SECURITY/WORLD SHIPPING. CITES NAVAL INTELL BELIEVE THAT AT LEAST 17, SOMETIMES TWICE THAT NUMBER, RUSSIAN WARSHIPS REGULARLY CRUISE AREA, W/SOME TEMPORARY ANCHORAGES WITHIN 100 MI DG. US/SOVIETS TO DISCUSS SITUATION IN MAY IN WHAT ONE DOS ARMS OFFICIAL SAYS "COULD BE THE BIGGEST NAVAL DISARMAMENT TALKS SINCE 1921" WASHINGTON NAVAL CONF. ANDELMAN NOTES INDIAN OCEAN IS POTENTIAL LAUNCHING GROUND FOR US POLARIS/CRUISE MISSILES DIRECTED AT USSR/PRC, DG CAPABLE DOCKING 12 SHIPS, INCL CARRIER SIZE NUKE SHIP "ENTERPRISE". STATES THESE FACTS

COULD SERVE AS TRADEOFF FOR ANY FORCE STRENGTH  
TALKS, INCL STRATEGIC ARMS NEGOTS THEMSELVES.

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22. GENERAL

FROM FRANKFURT, LUKOMSKI (JOC) REPORTS GERMAN BANKS  
INTENSIFYING EFFORTS EXPAND/STRENGTHEN POSITION IN ASIA.  
GERMAN BANKERS VIEW ASIA/MIDEAST AS FASTEST GROWING  
MARKETS IN WORLD, DETERMINED CATCH UP W/JAPAN,  
US COMPETITORS. ASIA OFFERS RICH RAW MATERIALS SOURCES/  
TECHNOLOGY-ORIENTED WORKFORCE/RELATIVE POL STABILITY/  
LESS PROBLEMS W/BOP DIFICITS. NOTES ASIAN COUNTRIES'  
CREDIT RATING ALSO MUCH BETTER THAN LATIN AMER NATIONS,  
WHOSE INDEBTEDNESS GERMAN BANKERS CLAIM TOTALS 23 BIL  
DOLS.  
VANCE

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**Review Markings:**  
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